



# Metropolitan Area Planning Council

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*Serving 101 cities and towns in metropolitan Boston*

## GIC Fact Sheet

### Background – Chapter 67 of the Acts of 2007

As an outgrowth of the Municipal Finance Task Force, leaders of municipal organizations, municipal public employee unions, retired municipal employee organizations, designated state legislators, and executives from the Group Insurance Commission began meeting in September 2005 to try to find common ground related to municipal health insurance reform. The Municipal Health Insurance Working Group was staffed by the Metropolitan Area Planning Council (MAPC) and chaired by John Hamill, Chairman of Sovereign Bank New England.

The resulting legislation was filed by Representative Rachel Kaprielian and Senator Richard Moore and co-sponsored by more than 120 legislators. Governor Deval Patrick and Lt. Governor Tim Murray included the proposal as a centerpiece of their Municipal Partnership Act.

The legislation was signed into law by Governor Patrick on Wednesday, July 25, 2007 as Chapter 67 of the Acts of 2007. For fiscal year 2009, eleven municipalities joined the Group Insurance Commission (GIC).

### Rationale – Advantages of Joining the GIC

Municipal health insurance costs are growing at unsustainable rates, and the cost of health insurance is impacting employees, retirees, municipalities, and taxpayers. In addition, since the costs of health insurance have escalated dramatically at the same time that municipal revenues have been relatively flat, these rising costs constrain municipalities from hiring and retaining firefighters, police officers, teachers, and other public servants.

The GIC, which provides health insurance and other benefits for more than 275,000 state employees and select other groups, pays significantly less for high quality health insurance plans and offers substantially more diverse plans than most cities and towns can offer their employees and retirees. In addition, the rate of growth for health insurance plan costs for the state has been significantly lower than the rate of growth experienced by most municipalities over the past several years.

This new, local option to join the GIC has the potential to generate significant savings while offering employees and retirees high-quality health insurance options. Employees may benefit from lowered premiums, access to a broad range of high quality health plans, and a negotiated sharing of savings through collective bargaining. Retirees would gain a voice in decisions affecting their health insurance plans, get long-term protection for their members, and enjoy an excellent set of health insurance options through the GIC. Municipalities could save significant money and there will be additional flexibility in plan design through the GIC. Finally, taxpayers would benefit because this reform creates an opportunity for more efficient government administration and allows scarce public resources to be used to improve public services.

## Key Points of Chapter 67 of the Acts of 2007

- This law creates a new *local option* for municipalities to purchase their health insurance plans through the Group Insurance Commission (GIC). Analysis shows that these high quality plans are generally less expensive, and the GIC offers a broader range of health insurance options than municipalities currently offer. No community is mandated to take any action under the proposal, however for fiscal year 2009 eleven (11) municipalities opted to join the GIC.
- Decisions to join the GIC would be made collectively between municipal leaders, public employee labor representatives, and retiree representatives. The proposal uses the existing mechanism of coalition bargaining, part of Section 19 of MGL Chapter 32B, to bring together stakeholders to make health care decisions. The proposed process respects the role of collective bargaining and the principle of allowing employees a voice in these important decisions.
- All negotiations and decisions about contributions ratios – i.e., what percentage of health insurance costs are borne by employees or retirees – will continue to be made at the local level. Municipalities will not be required to adopt state contribution ratios.
- Employees will benefit through coalition bargaining because all employees and retirees of a municipality would be assured of a uniform contribution ratio and uniform health insurance options. Moreover, major changes to health insurance will require a vote of 70% of the a Public Employee Committee, made up of representatives of employees and retirees. Finally, most municipal employees pay a significant portion of total premium costs, so there will be direct, and potentially substantial, savings to employees if premiums are reduced.
- Retirees will benefit because they will have an official seat at the bargaining table when decisions about health insurance are made. Currently, municipal retirees have no official role in those decisions, unless they are affiliated with the handful of communities that currently use coalition bargaining. In addition, many retirees will find that they have better health insurance options, including access to high quality indemnity plans that they can access anywhere in the country. Finally, the proposal offers long-term protection for retirees as the impact of new auditing standards affecting post-retirement benefits begin to impact municipal health insurance decisions.
- Although this option will not be appropriate for every community, many municipalities stand to save a great deal of money by purchasing health insurance through the state's largest employee pool. Once adopted locally through coalition bargaining, communities will accept the health insurance options and plan design set by the commission.
- Municipalities that choose to purchase health insurance through the GIC must do so in three-year cycles. Depending on how the local written agreement is drafted, a decision to leave the GIC can be made either jointly between management and the public employee committee or unilaterally under certain conditions.
- Municipalities will pay all costs associated with purchasing health insurance through the GIC, including payment of a small administrative fee to the Commission, which cannot exceed 1% of premiums. The proposal is structured to be self-financing.
- The proposal calls for municipal representatives to be added to the Group Insurance Commission, two seats automatically and another two after more than 45,000 municipal subscribers have been added through this proposed new law. Both management and labor will be represented.
- The proposal only relates to health insurance and not to other benefits, such as life, dental, or vision insurance.

For more information, contact Joel Barrera, Project Director for the Municipal Health Insurance Working Group, at either 617-451-2770 x 2019 or [jbarrera@mapc.org](mailto:jbarrera@mapc.org).



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Summary of Ch. 67 of the Acts of 2007: An Act to Reduce the Reliance on Property Taxes Through Municipal Health Care	
<p>Ch. 32B § 19 (a), Ch. 32B § 2</p> <p>Coalition Bargaining Application &amp; Eligibility</p>	<p>§ 19 of Ch. 32B states that the appropriate public authority of a governmental unit which has voted to provide health insurance for its subscribers through Ch. 32B may instead provide health insurance through coalition bargaining. Subscribers of a governmental unit include employees, retirees, surviving spouses, and dependents. In addition, if a city or town has provided health insurance for another governmental unit, they are also included as subscribers (i.e. public water or sewer commissions previously insured through the municipality).</p> <p>The appropriate public authority of a governmental unit is: the county commissioners in a county, the mayor in a city, the selectmen in a town (unless authority has otherwise been delegated), and the governing board of a district, commonwealth charter schools, or education collaborative.</p> <p>§ 2 of Ch. 32B defines "governmental unit" as "any political subdivision of the commonwealth". It defines "political subdivision" as "any county, except Worcester county, city, town or district", and a "district" as "any water, sewer, light, fire, veterans' services or other improvement district or public unit created within one or more political subdivisions of the commonwealth for the purpose of providing public services or conveniences." Only those government units that have accepted Ch. 32B may participate in Section 19. In addition, unionized commonwealth charter schools and education collaboratives are considered governmental units.</p>
<p>Ch. 32B § 19 (a)</p> <p>Coalition Bargaining Acceptance</p>	<p>Adoption of § 19 by local governmental unit shall take place in the following manner:</p> <ul style="list-style-type: none"> <li>• in a county except in Worcester county, by a vote of the county commissioners;</li> <li>• in a city having Plan D or a Plan E charter, by majority vote of its city council and approved by the manager; in any other city by majority vote of the city council and approved by the mayor;</li> <li>• in a town, by vote of the board of selectmen;</li> <li>• in a regional school district, by vote of the regional district school committee;</li> <li>• in all other districts, by vote of the registered voters of the district at a district meeting.</li> </ul>

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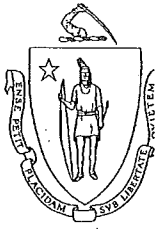
	<p>However, official acceptance of § 19 shall not take effect until there is a written agreement between the appropriate public authority and the public employee committee (PEC). The written agreement may condition acceptance upon transferring subscribers to the GIC.</p> <p>NOTE: Worcester County is currently insured from the GIC.</p>
Ch. 32B § 19 (a) PEC Composition & Governance	<p>The PEC is composed of a representative of each collective bargaining unit with which the governmental unit negotiates under Ch. 150E, and a retiree. The retiree representative is a designee of the Retired State, County and Municipal Employees Association and has a 10 per cent vote. The remaining 90 per cent vote is divided as follows: each collective bargaining unit represented on the PEC has a weighted vote equal to the proportion which the number of employees eligible for health insurance under this chapter employed in the bargaining unit he represents bears to the total number of employees eligible for health insurance in all bargaining units of the governmental unit.</p>
Ch. 32B § 19 (a) PEC agreement	<p>Seventy percent of the weighted votes of the representatives on the PEC must approve an agreement with the governmental unit, and that agreement shall be binding on all subscribers and their representatives, shall supersede any conflicting collective bargaining agreements, and shall not be superseded in any impasse proceeding under Ch. 150E. However, the written agreement may include impasse procedures.</p> <p>Any dispute arising over the interpretation or application of the written agreement may be submitted to binding arbitration under the labor arbitration provisions of the American Arbitration Association upon request of the PEC or the appropriate public authority. Any request must be approved by 70 per cent of weighted votes of the representatives on the PEC or by a majority vote of the appropriate public authority.</p>
Ch. 32B § 19 (b) Effect of Adoption	<p>§ 19 (b) does not allow for any change in health coverage unless an agreement is reached between the PEC and appropriate public authority to provide for such a change, provided that health coverage may change if subscribers are covered under the GIC and the GIC alters its plan offering.</p>
Ch. 32B § 19 (c) Insurance Obligations	<p>Nothing in § 19 shall relieve any governmental unit from providing health coverage to any subscriber to whom it has an obligation to provide coverage under any other provision of Ch. 32B.</p>

Ch. 32B § 19 (d) Geographic Coverage	<p>The written agreement shall conform to the provisions of § 19. In the event that there are subscribers that can't participate in any of the plans offered because of geographic plan limitations, the chosen health carriers shall provide for coverage at the same benefit schedule and premium contribution ratio provided to subscribers living within the carrier's geographic service area.</p>
Ch. 32B § 19 (e) GIC Transfer	<p>The written agreement may provide for transfer of subscribers to the GIC. The written agreement must be made and notice sent to the GIC by October 1<sup>st</sup> in order to join the GIC for the next fiscal year.</p> <p>In the event that the governmental unit transfers subscribers to the GIC, all subscribers, including retired municipal teachers and elderly governmental retirees, shall be insured through the GIC's state employee pool.</p> <p>The GIC shall exclusively determine plan design and plan offering, but contribution ratios shall be determined locally through coalition bargaining.</p>
Ch. 32B § 19 (e) Medicare Transfer	<p>All Medicare-eligible subscribers from governmental units entering the GIC will be transferred to Medicare coverage and will be enrolled as they become eligible.</p> <p>The governmental unit shall pay any Medicare Part B premium penalty assessed by the Federal Government as a result of late enrollment.</p>
Ch. 32B § 19 (e) Documentation	<p>The governmental unit shall furnish information about subscribers and perform administrative functions that the GIC identifies as necessary to maintain health coverage, including documentation of family status.</p>
Ch. 32B § 19 (e) GIC Withdrawal	<p>Government units may withdraw from GIC coverage at three or six year intervals, as determined by the written agreement. The agreement shall specify withdrawal intervals and the procedures for withdrawal. It may also include procedures for resolving an impasse in negotiations, for which American Arbitration Association Labor Arbitration Rules shall be the default.</p> <p>The decision and notice to withdraw must be sent to the GIC by October 1<sup>st</sup> of the year prior to withdrawal, with withdrawal taking place on July 1<sup>st</sup>. Any governmental unit that withdraws must abide by commission requirements for effectuating the withdrawal, and withdrawal shall be effective on all subscribers.</p> <p>Unless the written agreement provides otherwise, all withdrawals shall revoke § 19 adoption and any agreements related to § 19</p>

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	implementation. In the event of revocation, the governmental unit and public employee unions will go back to traditional collective bargaining under Ch. 150E.
Ch. 32B § 19 (f) GIC Authority	The GIC shall offer the same plans to subscribers of local governmental units as they do state employees insured through Ch. 32A. With the exception of contribution ratios, the GIC shall determine matters related to plan administration, design, offering and eligibility, and may issue rules and regulations accordingly.
Ch. 32B § 19 (f) Contribution Change	Local governmental units must notify the GIC of any contribution ratio changes by January 15 <sup>th</sup> , and any changes shall go into effect on July 1 <sup>st</sup> .
Ch. 32B § 19 (f) Payment	Governmental units shall pay the Commonwealth for all costs of subscriber coverage, including up to 1% in administrative fees. The GIC shall certify the amount to be paid, and the Treasurer shall assess each governmental unit the cost. If a governmental unit does not pay the costs, the Commonwealth may recoup the costs from the local Cherry Sheet and if the Cherry Sheet is not enough, the Commission may cancel coverage and the governmental unit shall be obligated to provide health insurance.
Ch. 32B § 19 (g) Identical Contribution Rates by Plan Offering	All subscribers must pay the same contribution rates for each health coverage plan, with the exception of retired municipal teachers and elderly governmental retirees which shall not pay more than twenty five percent contribution ratios. Contribution ratios may range from fifty to ninety nine percent.
Ch. 32B § 19 (h) Retiree Revocation	In the event of revocation, all retirees, and their spouses and dependents enrolled in a Medicare part A plan shall be enrolled in a Medicare extension plan, and shall provide the governmental unit with the necessary information to do so.
Ch. 32B § 19 (i) Non-unionized municipalities	In the event that a municipality is not unionized and a collective bargaining unit does not exist, the chief executive officer of the municipality may authorize transfer of subscribers to the commission.

Section 5 of Ch. 67 of the Acts of 2007 Grandfathering	If a PEC and governmental unit have a § 19 agreement in effect, the agreement shall remain in effect, except the agreement must be amended to confirm with any provisions related to GIC transfer.
Ch. 32A § 3 GIC Composition	Commissioners will be added to the GIC in the following manner: One municipal management representative and one teacher's union representative shall be appointed to the GIC from each list of three provided to the Governor by the MMA and the teacher's union with the most GIC subscribers. After 45,000 municipal subscribers have been transferred to GIC coverage, an additional municipal management representative and a public safety representative shall be appointed to the GIC from each list of three provided to the Governor by the MMA and the AFL-CIO.
Ch. 32A § 2 Non-unionized entities eligible for state GIC coverage	Non-unionized education collaboratives, non-unionized commonwealth charter schools, regional councils of government, regional planning agencies and regional planning commissions are all eligible for the full complement of Ch. 32A GIC benefits, including health insurance, dental and life insurance under the same contribution ratios, plan design, and other terms as state employees in the event the governing body of each respective entity votes to accept that status and notifies the commission,
Ch. 32 § 19 Retirement Deduction	A retirement board may deduct contribution ratios for health insurance purchased pursuant to Ch. 32B from the respective retiree pension check. If the pension check is insufficient, the employer for whom the employee last worked shall bill the retiree for his or her premium share.



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## MUNICIPAL GROUP INSURANCE LAW QUESTIONS AND ANSWERS

Updated October 1, 2007

The new Municipal Group Insurance Law known as Chapter 67 of the Acts of 2007 was signed into law on July 25, 2007 and became effective on that date. Below are some questions and answers about the law's terms and conditions for joining the GIC's health coverage.

### DECIDING WHETHER TO JOIN GIC COVERAGE

Under the new law, who may join GIC coverage?

Cities, towns and districts, regional councils of government and regional planning agencies, education collaboratives and charter schools may join. **In this document, the term "Municipal Employer" is used to refer to all of these entities unless otherwise specified.**

Must a Municipal Employer vote to adopt section 19 of Mass. General Laws chapter 32B in order to join the GIC's health coverage?

Cities, towns and districts must formally adopt section 19's local option to join the GIC's health coverage. Other Municipal Employers do not have to adopt section 19.

What is the process for joining GIC health coverage?

*Unionized Municipal Employers* decide with their unions, negotiating as a group, whether to join GIC health coverage. The parties draft a written agreement to join GIC health coverage and send it to the GIC as its notice of intent to join GIC coverage. Receipt of the agreement will begin the implementation process for the Municipal Employer's transfer to GIC health coverage. Agreements must be received by the GIC by October 1 of any year in order to begin work to transfer municipal subscribers to GIC health coverage that begins the following July 1. (For important details about the coalition bargaining process and a model agreement, contact the Metropolitan Area Planning Council at 617/451-2770 or log on to "Health Insurance Action Center" on its website at [www.mapc.org](http://www.mapc.org).)

*Non-union Municipal Employers* decide as follows: a non-union city, town or district's Chief Executive Officer decides whether to join GIC coverage; a non-union education collaborative decides by a majority vote of its Board of Directors; a Commonwealth charter school decides by a majority vote of its Board of Trustees; a non-union regional planning agency or regional council of government decides by a majority vote of its governing board. Non-union Municipal Employers must send a letter to the GIC as its notice of intent to join GIC coverage by October 1 of any year for coverage to begin the following July 1. Additional notice requirements can be found in the "Notice of Intent" section of this document.



If only some of a Municipal Employer's employees are unionized, how does the employer determine whether to join GIC coverage?

The unions' vote determines whether all of the Municipal Employer's eligible subscribers join GIC health coverage. Contact MAPC at 617/451-2770 or log on to MAPC's website, [www.mapc.org](http://www.mapc.org), for more information about the approval process.

Are Municipal Employers required to re-enroll for GIC coverage each year?

No. Municipal Employers who join GIC coverage must remain in GIC coverage for a minimum of three years, and may withdraw from GIC coverage at three or six year intervals.

## **THE AGREEMENT** (Unionized Municipal Employers)

What must be in the bargained agreement to join GIC health coverage?

Three issues: (1) whether to join GIC health coverage; (2) the health premium contribution ratios for the Municipal Employer's subscribers, which can differ only by type of plan (PPO, HMO or Indemnity) and not by type of subscriber (active, retired or survivor); and (3) the terms for revocation of section 19 if the Municipal Employer or its subscribers wish to withdraw after three or six years of enrollment in GIC health coverage.

May we bargain benefits and carriers?

No. For Municipal Employers joining GIC health coverage, the law suspends all collective bargaining related to municipal subscribers' health insurance except the level of their GIC health premium contribution ratios. The law vests with the GIC the exclusive authority to determine all other matters relating to municipal subscribers' GIC health insurance rights, responsibilities, cost and payment obligations, including, for example, the manner and method of payment, eligibility requirements and choice of benefits and health carriers.

May we negotiate to give subscribers incentives to join GIC health coverage?

With the exception of reimbursing enrollees' Medicare Part B premiums (which is a local option), the law prohibits Municipal Employers from altering the choice of health carriers, health benefits, and subscribers' out-of-pocket costs; from offering health benefits or health benefit compensation not otherwise provided to other GIC subscribers; from making contributions to offset GIC health premium or specific health benefits, including compensating the difference between current municipal benefits and GIC benefits; or from obligating the GIC's municipal coverage to pay for health claims that were incurred but not reported before the Municipal Employer's subscribers' GIC coverage became effective. **Violations of the prohibition described here will result in termination of the municipal subscribers' GIC coverage.** Municipal Employers are urged to contact the GIC if they have questions about incentives.

## **HEALTH PREMIUM CONTRIBUTIONS**

Who determines the health premium contribution ratios?

*Unionized Municipal Employers* determine the premium contribution ratios with their unions through coalition bargaining. *Non-union charter schools and education collaboratives, regional planning agencies and regional councils of government* receive GIC coverage through the GIC's statute (Mass. General Laws chapter 32A); therefore, their health premium contribution ratios are the same as those set by the Legislature each year for state employees and retirees.

May health premium contribution ratios differ by the type of subscriber (actives vs. retirees vs. survivors)?

No; the law requires that they be covered at the same ratio, differing only by type of plan (i.e., HMO, PPO, or Indemnity). The law provides an exception for Retired Municipal Teachers and Elderly Governmental Retirees who transfer from the GIC's RMT or EGR coverage to its Municipal Employer health coverage: once transferred, their premium contribution ratios must be no more than the lower of 25% of premium or the health premium contribution ratios for all others in the pool, depending on the type of plan.

Is there a minimum and/or maximum premium contribution percentage that Municipal Employers or employees/retirees must pay for GIC health coverage?

Yes:

- Municipal Employers must pay between 50% and 99% of their subscribers' health premium.
- As stated above, the maximum health premium contribution for Retired Municipal Teachers and Elderly Governmental Retirees who transfer from the GIC's EGR and RMT coverage to the GIC's Municipal Employer health coverage can be no more than 25% (and may be less than 25%).
- Municipal Employers' premium contribution for The Indemnity Plan's Medicare Extension plan cannot be less than the minimum percentage that it contributes to any other health plan offered by the GIC.

## NOTICE OF INTENT

What documents must a Municipal Employer file with the GIC as its notice of intent to join GIC health coverage?

*Unionized Municipal Employers* must provide two documents to the GIC by October 1: (1) a copy of the signed and executed bargained agreement to join GIC health coverage; and (2) a cover letter from an authorized official of the Municipal Employer confirming the Municipal Employer's intent to join GIC health coverage.

As to *non-union Municipal Employers*, Commonwealth charter schools must provide a certified copy of a majority vote of their board of trustees to join GIC coverage; non-union education collaboratives must provide a certified copy of their board of directors' majority vote to join GIC coverage. Regional planning agencies and regional councils of government must provide a letter from their governing board stating their decision to join GIC coverage, and non-union cities, towns, and districts must send a letter from their Chief Executive Officer stating their decision to transfer the Municipal Employer's subscribers to GIC coverage. **All notices of intent must be filed by October 1 of any year for coverage to begin the following July 1.**

Why must Municipal Employers give notice of intent so far in advance?

Municipal Employers must give notice by October 1 because the GIC and their health carriers need to know the size of the pool with enough time to more accurately price their proposed rates, which occurs in November of each year for coverage the following July. In addition, there is a great deal of implementation work required for Municipal Employers and the GIC in order to

transfer subscribers to GIC coverage the following July 1. Regardless of the number of subscribers to be transferred, each Municipal Employer has information systems exchanges and testing to be done with the GIC, subscriber communications to draft, multiple implementation meetings to be held, eligibility verification and documents to be collected for all subscribers and their dependents, fiscal arrangements, and enrollment activities -- all of which must be completed before coverage can begin.

What happens if Municipal Employers miss the notice deadline?

Municipal Employers may file their required documents in subsequent years, by October 1.

Where must notices of intent to join GIC coverage be sent?

All notices must be sent to: Executive Director, Group Insurance Commission, P.O. Box 8747, Boston, MA 02114-8747.

## WHO'S COVERED

Must Municipal Employers transfer all of their subscribers to GIC health coverage, or may they enroll only certain groups?

The law requires that Municipal Employers enroll all of their eligible subscribers, including Retired Municipal Teachers and Elderly Governmental Retirees, in GIC health coverage.

Must Municipal Employers cover their retirees, survivors and dependents if they decide to join GIC coverage?

Yes. All eligible active employees, retired employees, survivors and dependents, including all Retired Municipal Teachers and Elderly Governmental Retirees, must be offered GIC coverage.

Our retired teachers are currently in the GIC's Retired Municipal Teachers (RMTs) program; we also have some Elderly Governmental Retirees (EGRs) who have GIC Elderly Governmental Retiree coverage. Can they stay in GIC health coverage when we join?

Yes, **but they must sign up for one of the GIC health plans offered to their non-teacher/non-EGR colleagues (and state employees/retirees).** There will be no lapse in their coverage *if* they sign up for GIC coverage during annual enrollment. They will have a greater selection of health plans when they transfer.

Our municipality participates in the GIC's RMT and EGR programs; how can a Municipal Employer obtain the contact information for its RMTs and EGRs?

Send an email to Paul Murphy and John Harney at the GIC with your request and the name of your municipality. Allow turnaround time of up to four days. Our systems staff will send to the Municipal Employer the information by secure email.

Besides the potential premium contribution ratio change for our RMTs and EGRs currently insured under the GIC, are there any other changes to their coverage?

RMTs will only receive health benefits under the GIC once the municipality joins the GIC; they no longer will have GIC basic life insurance benefits or retiree dental benefits effective July 1. RMTs must be provided life insurance coverage in the municipality's plan in accordance with the provisions of Chapter 32B. EGRs will be eligible only for GIC health insurance.

If we decide to leave GIC health coverage after joining it, may our Retired Municipal Teachers and Elderly Governmental Retirees return to the GIC's RMT and EGR coverage?

According to the law, they cannot transfer back to the RMT or EGR program when their Municipal Employer withdraws from GIC coverage.

## OTHER BENEFITS

Are unionized Municipal Employers' subscribers eligible for other GIC benefits?

No, the law specifies that unionized Municipal Employers' subscribers are eligible only for the GIC's health coverage. Other non-health benefits currently provided by these Municipal Employers will continue to be their responsibility.

Are non-union cities, towns and districts eligible for other GIC benefits?

No. According to the new law, they join GIC health coverage by adopting Mass. General Laws chapter 32B, section 19, and thus are eligible only for the GIC's health coverage. Other benefits currently provided by Municipal Employers will continue to be the Municipal Employers' responsibility.

Since non-union charter schools and education collaborative subscribers join GIC health coverage through the GIC's law (as opposed to Chapter 32B, section 19), are they eligible for other GIC benefits?

Yes. Under the new law, all Municipal Employers who join GIC coverage through the GIC's law, Mass. General Laws chapter 32A – Commonwealth charter schools and non-union education collaboratives, regional planning agencies and regional councils of government – are eligible to receive other GIC state employee and retiree benefits. These entities may log on to the GIC's website at [www.mass.gov/gic](http://www.mass.gov/gic) for more information about additional GIC benefits.

May RMTs keep their other GIC benefits – life insurance and retiree dental coverage - when they transfer to the same pool as their former Municipal Employers' subscribers?

No; Municipal Employers will be responsible for offering to former RMTs the non-health benefits that they currently offer to their other retiree subscribers.

## MEDICARE

Must Medicare-eligible retirees enroll in Medicare Part A and Part B in order to join GIC health coverage?

Yes, Medicare eligible retirees who are 65 years and older must enroll soon after the Municipal Employer files a notice of intent by October 1 of any year to join the GIC. They must enroll in Medicare before the following July 1 in order to have GIC coverage at that time. **Medicare annual enrollment runs from January 1 to March 31 of each year.**

**We have not adopted section 18 requiring all Medicare-eligible retirees to join Medicare. Do our Medicare-eligible subscribers need to enroll in Medicare before joining the GIC?**

Yes. Municipal Employers must, immediately after providing notice of intention to join the GIC by October 1 of any year, contact their retirees who are 65 years or older to inform them that:

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- They are required to sign up for Medicare Part B if they are eligible for Part A for free in order to have GIC health coverage by the following July 1; and
- the Medicare annual enrollment period for Medicare Part B begins January 1 and ends March 31 for health coverage effective July 1<sup>st</sup>.

Who must pay the Medicare Part B premium penalty, if any, for persons enrolling in Medicare Part B?

By law, Municipal Employers must pay the penalty if it is entering GIC coverage through section 19.

How will Municipal Employers obtain their Medicare Part D subsidy?

The GIC submits the subsidy information for its Medicare plans eligible for the subsidy. Following the subsidy reconciliation, the GIC will credit the municipality's invoice on a proportional basis to the number of insureds the municipality has enrolled in these plans. It will be up to the municipality to refund or reimburse its retirees for their share.

## FISCAL

Is there an administrative cost for joining GIC coverage?

Yes, the law requires an administrative fee of up to 1% of total premium per year to pay for the GIC Municipal Employer program's significantly increased systems, operations, customized communications, customer service, and other services costs needed to accommodate and cover Municipal Employers' subscribers each year.

Will the administrative fee be included in Municipal Employers' and their subscribers' share of health premium?

Yes, the law requires that the fee be included in their respective health premium contributions.

May brokers' fees be factored into Municipal Employers' and their subscribers' premium contributions to GIC coverage?

No. Since the GIC and its consultant will be performing the services that brokers perform, there will be no need for any brokers' fees. The GIC prohibits the payment of any such fees.

## SYSTEMS

How do we physically exchange eligibility and other forms of electronic data with the GIC?

All Municipal Employers exchange data using the State's secure e-mail system (SFED). The GIC's IT staff will provide information on how to use this process. All data exchanges will require the Municipal Employer to use the standard formats developed by the GIC for each particular file process.

Are there any other technical requirements that we need to know?

The GIC requires that all Municipal Employers designate a technical contact in order to ensure that all data exchanges are handled in a timely and efficient manner. The GIC IT staff will endeavor to assist Municipal Employers with the IT requirements.

## **OPERATIONS**

Are there administrative tasks that the Municipal Employer must continue to provide once its subscribers transfer to GIC coverage?

Yes; the Municipal Employer must collect and provide to the GIC all information necessary to maintain subscribers and covered dependents' coverage. The Municipal Employer will perform administrative functions and process information as necessary to maintain the coverage, including family and personnel status changes, enrollment activities, reporting enrollee changes monthly to the GIC and otherwise communicating with subscribers and the GIC as necessary. The GIC will provide detailed information to Municipal Employers about implementation when they submit their notice of intent to the GIC.

## **COMMISSION REPRESENTATION**

Will Municipalities have representation on the Commission?

Yes. Several new GIC Commissioners representing municipalities are to be added (a labor representative nominated by the Mass. Teachers Association, and a management representative nominated by the Mass. Municipal Association). After 45,000 additional municipal subscribers have enrolled, two more Commissioners - also representing labor (nominated by a public safety union) and management (a second MMA nominee) - will be added.

## **MISCELLANEOUS**

Will Blue Cross/Blue Shield be available as one of the GIC's health plans?

Possibly; we will begin a new procurement this fall for health plans for coverage beginning July 1, 2008. Over the years, Blue Cross/Blue Shield has provided indemnity, PPO and HMO health coverage to GIC subscribers, although it has not been a GIC vendor since 1998. As with all GIC procurements, all qualified plans are welcome to bid; however, we cannot know at this time what health plans will be offered by the GIC next year or in future years.

Where can I find more information about this law?

[www.MAPC.org](http://www.MAPC.org)

[www.MMA.org](http://www.MMA.org)

[www.mass.gov/gic](http://www.mass.gov/gic)